

Sixty-seventh
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to provide an
3 appropriation to the state treasurer; to amend and reenact sections 54-44.1-18, 54-44.4-07,
4 54-44.4-08, 57-51.1-07.5, subsections 2 and 3 of section 57-51.1-07.7, and subsection 2 of
5 section 57-51.1-07.8 of the North Dakota Century Code, relating to publishing political
6 subdivision budgets, environmentally preferable products, the state share of oil and gas tax
7 revenue allocations, the municipal infrastructure fund, and the county and township
8 infrastructure fund; to repeal section 54-06-25 of the North Dakota Century Code, relating to the
9 state employee compensation commission; to provide for a transfer; to provide for a claims
10 payment; to provide compensation guidelines; to provide an exemption; to provide for a
11 legislative management study; and to provide a report.

12 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

13 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
14 as may be necessary, are appropriated out of any moneys in the general fund in the state
15 treasury, not otherwise appropriated, and from special funds derived from federal funds and
16 other income, to the office of management and budget for the purpose of defraying the
17 expenses of the office of management and budget, for the biennium beginning July 1, 2021,
18 and ending June 30, 2023, as follows:

| | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> | |
|----|---------------------------------------|--|----------------------|--------------|
| 19 | | | | |
| 20 | | | | |
| 21 | Salaries and wages | \$21,903,816 | \$893,187 | \$22,797,003 |
| 22 | Operating expenses | 14,937,426 | 492,702 | 15,430,128 |
| 23 | Emergency commission contingency fund | 500,000 | (100,000) | 400,000 |
| 24 | Capital assets | 767,125 | 4,767,494 | 5,534,619 |

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| | | | | |
|---|--------------------------------------|------------------|------------------|-------------------|
| 1 | Grants | 54,000 | (54,000) | 0 |
| 2 | Guardianship grants | 1,950,000 | 100,000 | 2,050,000 |
| 3 | Prairie public broadcasting | 1,200,000 | (400,000) | 800,000 |
| 4 | Community service supervision grants | 350,000 | (100,000) | 250,000 |
| 5 | State student internship program | <u>0</u> | <u>100,000</u> | <u>100,000</u> |
| 6 | Total all funds | \$41,662,367 | \$5,699,383 | \$47,361,750 |
| 7 | Less estimated income | <u>8,746,515</u> | <u>5,506,391</u> | <u>14,252,906</u> |
| 8 | Total general fund | \$32,915,852 | \$192,992 | \$33,108,844 |
| 9 | Full-time equivalent positions | 112.00 | 0.00 | 112.00 |

10 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 11 **SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 12 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the
 13 2021-23 biennium one-time funding items included in the appropriation in section 1 of this Act:

| 14 | <u>One-Time Funding Description</u> | <u>2019-21</u> | <u>2021-23</u> |
|----|--|------------------|------------------|
| 15 | Extraordinary repairs | \$1,900,000 | \$500,000 |
| 16 | Capitol south entrance project | 2,000,000 | 0 |
| 17 | Special assessments on capitol grounds | 320,000 | 300,000 |
| 18 | Litigation funding pool | 3,500,000 | 0 |
| 19 | Assessment of state lands and facilities | 500,000 | 0 |
| 20 | Risk management technology project | 170,000 | 0 |
| 21 | State student internship program | 250,000 | 100,000 |
| 22 | Electronic procurement study | 50,000 | 0 |
| 23 | Facility consolidation study | 0 | 350,000 |
| 24 | Building automation project | 0 | 518,800 |
| 25 | Interior and exterior signage projects | 0 | 500,000 |
| 26 | Procurement software | 0 | 2,021,204 |
| 27 | Statewide budget software | <u>0</u> | <u>1,230,100</u> |
| 28 | Total all funds | \$8,690,000 | \$5,520,104 |
| 29 | Less estimated income | <u>8,390,000</u> | <u>5,420,104</u> |
| 30 | Total general fund | \$300,000 | \$100,000 |

1 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
2 for the 2023-25 biennium. The office of management and budget shall report to the
3 appropriations committees of the sixty-eighth legislative assembly on the use of this one-time
4 funding for the biennium beginning July 1, 2021, and ending June 30, 2023.

5 **SECTION 3. APPROPRIATION - COMMUNITY SERVICES SUPERVISION FUND.** Any
6 moneys in the community service supervision fund under section 29-26-22 are appropriated to
7 the office of management and budget for distribution to community corrections association
8 regions on or before August first of each year during the biennium beginning July 1, 2021, and
9 ending June 30, 2023.

10 **SECTION 4. APPROPRIATION - STATE DISASTER RELIEF FUND - STATE**
11 **TREASURER - DISTRIBUTIONS TO NON-OIL-PRODUCING COUNTIES.** Due to
12 extraordinary flooding in 2020 in parts of the state and due to the excessive cost of road
13 maintenance, there is appropriated out of any moneys in the state disaster relief fund in the
14 state treasury, not otherwise appropriated, the sum of \$8,100,000, or so much of the sum as
15 may be necessary, to the state treasurer for the purpose of providing distributions to
16 non-oil-producing counties for the benefit of the organized and unorganized townships within
17 each non-oil-producing county, for the biennium beginning July 1, 2021, and ending June 30,
18 2023. In August 2021, the state treasurer shall distribute \$8,100,000, or so much of the sum as
19 may be necessary, to non-oil-producing counties for the benefit of the organized and
20 unorganized townships within each non-oil-producing county. The distribution to each
21 non-oil-producing county must provide for an allocation of \$5,000 to each organized and
22 unorganized township within the county. The amount allocated to organized townships under
23 this section must be paid by the county treasurer to each organized township. The amount
24 allocated to unorganized townships under this section must be credited by the county treasurer
25 to a special fund for unorganized township roads. The distributions under this section must be
26 used for the maintenance and improvement of township paved and unpaved roads and bridges.
27 A township is not eligible for an allocation of funds under this section if the township does not
28 maintain any township roads. For the purposes of this section, a "non-oil-producing county"
29 means a county that has received no allocation of funding or a total allocation of funding under
30 subsection 2 of section 57-51-15 of less than \$5,000,000 for the period beginning September 1,
31 2019, and ending August 31, 2020.

1 **SECTION 5. TRANSFER - TAX RELIEF FUND TO HUMAN SERVICE FINANCE FUND.**

2 The office of management and budget shall transfer the sum of \$187,385,888 from the tax relief
3 fund to the human service finance fund during the biennium beginning July 1, 2021, and ending
4 June 30, 2023.

5 **SECTION 6. TRANSFER - STATE STUDENT INTERNSHIP PROGRAM FUNDS TO**

6 **STATE AGENCIES.** The office of management and budget shall transfer funds from the state
7 student internship program line item appropriated in section 1 of this Act to eligible state
8 agencies for state student internships during the biennium beginning July 1, 2021, and ending
9 June 30, 2023.

10 **SECTION 7. ESTIMATED INCOME - ONE-TIME FUNDING - CAPITOL BUILDING FUND.**

11 The estimated income line item in section 1 of this Act includes \$2,268,800 of one-time funding
12 from the capitol building fund. Of the \$2,268,800, \$350,000 in the operating expenses line item
13 is for a facility consolidation study, \$300,000 in the operating expenses line item is for special
14 assessments associated with the capitol grounds, \$600,000 in the capital assets line item is for
15 extraordinary repairs, \$518,800 in the capital assets line item is for a building automation
16 project, and \$500,000 in the capital assets line item is for interior and exterior signage.

17 **SECTION 8. ESTIMATED INCOME - ONE-TIME FUNDING - STRATEGIC INVESTMENT**

18 **AND IMPROVEMENTS FUND.** The estimated income line item in section 1 of this Act includes
19 \$3,251,304 from the strategic investment and improvements fund. Of the \$3,251,304,
20 \$2,021,204 in the capital assets line item is for procurement software, and \$1,230,100 in the
21 capital assets line item is for budget software.

22 **SECTION 9. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation
23 authority which may be used only for the following grants and special items:

| | |
|---|-------------|
| 24 Unemployment insurance | \$2,000,000 |
| 25 Capitol grounds planning commission | \$25,000 |
| 26 Statewide memberships and related expenses | \$625,064 |

27 **SECTION 10. RISK MANAGEMENT FUND - CLAIMS PAYMENT.** Pursuant to the

28 continuing appropriation authority under section 32-12.2-07, the director of the office of
29 management and budget may make payments from the risk management fund during the
30 biennium beginning July 1, 2021, and ending June 30, 2023, for reasonable and necessary
31 costs and attorney's fees incurred by a state employee as a result of a criminal investigation or

1 prosecution occurring after December 31, 2018, under circumstances in which there was an
2 absence of probable cause, as identified in a prosecutorial or judicial determination or as
3 determined by the director of the office of management and budget in the absence of a
4 prosecutorial or judicial determination, and in which the offense involves the discharge of a
5 public duty. The director of the office of management and budget shall consult with the attorney
6 general when reviewing claims under this section and shall obtain written approval from the
7 attorney general for any claim exceeding ten thousand dollars.

8 **SECTION 11. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

- 9 1. The 2021-23 biennium compensation adjustments for permanent state employees are
10 to average 1.5 percent with a minimum of \$100 per month and a maximum of \$250
11 per month per eligible employee for each fiscal year of the biennium. The increases for
12 the first year of the biennium are to be given beginning with the month of July 2021, to
13 be paid in August 2021, and for the second year of the biennium are to be given
14 beginning with the month of July 2022, to be paid in August 2022. Except for minimum
15 and maximum amounts, increases for eligible state employees are to be based on
16 documented performance and are not to be the same percentage increase for each
17 employee.
- 18 2. The office of management and budget shall develop guidelines for use by state
19 agencies for providing compensation adjustments for classified state employees. The
20 guidelines must follow the compensation philosophy statement under section
21 54-44.3-01.2.
- 22 3. Probationary employees are not entitled to the increases. However, at the discretion of
23 the appointing authority, probationary employees may be given all or a portion of the
24 increases effective in July, paid in August, or upon completion of probation. Employees
25 whose overall documented performance level does not meet standards are not eligible
26 for any salary increase.

27 **SECTION 12. AMENDMENT.** Section 54-44.1-18 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **54-44.1-18. Searchable database of expenditures.**

2 1. The director of the budget shall develop and make publicly available an aggregate and
3 searchable budget database website that includes the following information for the
4 biennium:

- 5 a. Each budget unit making expenditures.
- 6 b. The amount of funds expended.
- 7 c. The source of the funds expended.
- 8 d. The budget program of the expenditure.
- 9 e. Any other information determined relevant by the director of the budget.

10 2. The director of the budget shall include the name and city of the recipient of each
11 expenditure in the budget database website after the director has completed
12 implementation of a business intelligence component to the state's financial reporting
13 system.

14 3. The director of the budget may not include in the database any information that is
15 confidential or exempt under state or federal law.

16 4. The director of the budget may update the budget database website as new data
17 becomes available. Each state agency shall provide to the director of the budget any
18 data required to be included in the budget database website no later than thirty days
19 after the data becomes available to the agency.

20 5. By January first of each even-numbered year, the director of the budget shall add data
21 for the previous biennium to the budget database website. The director of the budget
22 shall ensure that all data added to the budget database website remains accessible to
23 the public for a minimum of ten years.

24 6. The budget database website may not redirect users to any other government
25 website, unless the website has information from all budget units and each category of
26 information required can be searched electronically by field in a single search.

27 ~~7. The governing body of each political subdivision may submit the annual budget~~
28 ~~adopted by the governing body to the director of the budget. The director of the budget~~
29 ~~shall include on the office of management and budget website any information~~
30 ~~submitted by a participating governing body of a political subdivision. The official who~~
31 ~~submits the annual budget to the director of the budget may not submit any~~

1 information that is confidential under state or federal law. In lieu of submitting the
2 annual budget adopted by the governing body to the director, any participating
3 governing body may provide to the director a publicly accessible internet link on which
4 the annual budget adopted by the participating governing body is available.

5 **SECTION 13. AMENDMENT.** Section 54-44.4-07 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-44.4-07. Procurement of environmentally preferable products.**

8 1. The office of management and budget, the institutions of higher education, and any
9 other state agency or institution that has authority to purchase products are
10 encouraged to purchase environmentally preferable products.

11 a. ~~Where~~When practicable, specifications for purchasing newsprint printing services
12 should specify the use of soybean-based ink. The North Dakota soybean council
13 and the agriculture commissioner shall assist the office of management and
14 budget in locating suppliers of soybean-based inks and in collecting data on the
15 purchase of soybean-based inks.

16 b. ~~In requesting bids for paper products, the office of management and budget must~~
17 ~~request information on the recycled content of such products.~~

18 e. ~~Where~~When practicable, biobased products should be specified.

19 2. The office of management and budget, in coordination with the state board of higher
20 education, shall develop guidelines for a biobased procurement program.

21 **SECTION 14. AMENDMENT.** Section 54-44.4-08 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **54-44.4-08. Purchase of recycled paper products.**

24 ~~The~~When practicable, the office of management and budget, and any state agency or
25 institution that has authority to purchase products, shall ensure that at least twenty percent of
26 the total volume of paper and paper products being purchased for state agencies and
27 institutions contain, should specify at least twenty-five percent recycled material. ~~The office of~~
28 ~~management and budget shall implement a methodology to track compliance with this section.~~

29 **SECTION 15. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

2 From the revenues designated for deposit in the state general fund under chapters 57-51
3 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the
4 following order:

- 5 1. The first two hundred million dollars into the state general fund;
- 6 2. The next two hundred million dollars into the tax relief fund;
- 7 3. The next seventy-five million dollars into the budget stabilization fund, but not in an
8 amount that would bring the balance in the fund to more than the limit in section
9 54-27.2-01;
- 10 4. The next two hundred million dollars into the state general fund;
- 11 5. The next ten million dollars into the lignite research fund;
- 12 6. The next ~~fifteen~~twenty million dollars into the state disaster relief fund, but not in an
13 amount that would bring the unobligated balance in the fund to more than ~~fifteen~~twenty
14 million dollars;
- 15 7. ~~The next thirty million three hundred seventy-five thousand dollars, or the amount~~
16 ~~necessary to provide for the distributions under subsection 2 of section 57-51.1-07.7,~~
17 ~~into the municipal infrastructure fund;~~
- 18 8. The next four hundred million dollars into the strategic investment and improvements
19 fund;
- 20 9. ~~An amount equal to the deposit under subsection 7 into the county and township~~
21 ~~infrastructure fund;~~
- 22 8. The next fifty-nine million seven hundred fifty thousand dollars, or the amount
23 necessary to provide for twice the amount of the distributions under subsection 2 of
24 section 57-51.1-07.7, into the funds designated for infrastructure development in
25 non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty
26 percent deposited into the municipal infrastructure fund and fifty percent deposited into
27 the county and township infrastructure fund;
- 28 10.9. The next one hundred ~~sixty-nine~~seventy million two hundred fifty thousand dollars or
29 the amount necessary to provide a total of two hundred thirty million dollars into the
30 funds designated for infrastructure development in non-oil-producing counties under
31 sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal

1 infrastructure fund and fifty percent deposited into the county and township
2 infrastructure fund;

3 ~~44:10.~~ The next twenty million dollars into the airport infrastructure fund; and

4 ~~42:11.~~ Any additional revenues into the strategic investment and improvements fund.

5 **SECTION 16. AMENDMENT.** Subsection 2 of section 57-51.1-07.7 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 2. Within forty days after the fund balance is greater than or equal to the amount needed
8 for the grants under this subsection or by September thirtieth of each odd-numbered
9 year, whichever is earlier, the state treasurer shall distribute moneys in the fund as
10 grants to cities for essential infrastructure projects. The state treasurer shall distribute
11 the grants only if the fund balance is at least ten percent of the amount needed for
12 distributions under this subsection based on the following:

13 a. Two million five hundred thousand dollars to each city with a population of at
14 least five thousand;

15 b. Five hundred thousand dollars to each city with a population of at least two
16 thousand but less than five thousand; and

17 c. One hundred twenty-five thousand dollars to each city with a population of at
18 least one thousand but less than two thousand.

19 d. If, at the time of the distributions, the moneys in the fund are less than the
20 amount needed for the grants under this subsection, the state treasurer shall
21 distribute the grants under this subsection on a pro rata basis.

22 e. For the purposes of determining the city's population under this subsection, the
23 state treasurer shall use the most recent actual or estimated census data
24 published by the United States census bureau.

25 **SECTION 17. AMENDMENT.** Subsection 3 of section 57-51.1-07.7 of the North Dakota
26 Century Code is amended and reenacted as follows:

27 3. Within sixty days after the fund receives its statutory limit of oil and gas tax allocations
28 under section 57-51.1-07.5 or by September thirtieth of each odd-numbered year,
29 whichever is earlier, the state treasurer shall distribute the moneys in the fund as
30 grants to cities for essential infrastructure projects. The state treasurer shall distribute

- 1 the grants only if the fund balance is at least ten percent of the amount needed for
2 distributions under this subsection based on the following:
- 3 a. One hundred fifty dollars per person of the city's population.
- 4 b. In addition to the amounts in subdivision a, for a city with a positive average of
5 the annual percentage increase in population from three years prior, a dollar
6 amount equal to the product of the following:
- 7 (1) The amount calculated in subdivision a; and
- 8 (2) The average of the annual percentage increase in population from three
9 years prior, multiplied by ten.
- 10 c. In addition to the amounts in subdivisions a and b, for a city with a positive
11 average of the annual percentage increase in taxable property values from three
12 years prior, a dollar amount equal to the average of the annual property valuation
13 percentage increase for the three most recent years, multiplied by twenty-five
14 thousandths.
- 15 d. Grants may be distributed under this subdivision only if the grant distributions
16 under subsection 2 are completed. If the moneys in the fund are insufficient to
17 provide for the grants, the state treasurer shall distribute the grants under this
18 subsection on a pro rata basis. If any moneys remain in the fund after the
19 distribution of grants under this subsection, the state treasurer shall distribute any
20 remaining moneys in the fund in proportion to the combined total distributed to
21 each city under this section relative to the combined total distributed to all the
22 cities under this section.
- 23 e. For the purposes of determining the city's population under this subsection, the
24 state treasurer shall use the most recent actual or estimated census data
25 published by the United States census bureau.
- 26 f. For the purposes of determining taxable property values, the state treasurer shall
27 use the most recent data published by the tax commissioner in the tax levy
28 report.

29 **SECTION 18. AMENDMENT.** Subsection 2 of section 57-51.1-07.8 of the North Dakota
30 Century Code is amended and reenacted as follows:

- 1 2. Within sixty days after the fund receives its statutory limit of oil and gas tax allocations
2 under section 57-51.1-07.5 or by September thirtieth of each odd-numbered year,
3 whichever is earlier, the state treasurer shall distribute moneys in the fund as grants to
4 counties for road and bridge infrastructure projects. The state treasurer shall distribute
5 the grants only if the fund balance is at least ten percent of the amount needed for
6 distributions under this section.

7 **SECTION 19. REPEAL.** Section 54-06-25 of the North Dakota Century Code is repealed.

8 **SECTION 20. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the
9 fiscal management division, as contained in section 1 of chapter 40 of the the 2019 Session
10 Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this
11 appropriation are available for continued development and operating costs of the statewide
12 systems, including accounting, management, and payroll, during the biennium beginning July 1,
13 2021, and ending June 30, 2023.

14 **SECTION 21. EXEMPTION - STATE STUDENT INTERNSHIP PROGRAM.** The amount of
15 \$250,000 appropriated in section 1, identified in section 2, and transferred in section 8 of
16 chapter 40 of the 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any
17 unexpended funds from this appropriation are available to the office of management and budget
18 for the state student internship program during the biennium beginning July 1, 2021, and ending
19 June 30, 2023.

20 **SECTION 22. EXEMPTION - ASSESSMENT OF STATE LANDS AND FACILITIES.** The
21 amount of \$500,000 appropriated from the strategic investment and improvements fund in
22 section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws is not subject to the
23 provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to
24 the office of management and budget to continue the assessment of state lands and facilities
25 during the biennium beginning July 1, 2021, and ending June 30, 2023.

26 **SECTION 23. LEGISLATIVE MANAGEMENT STUDY - SPACE NEEDS AT STATE**
27 **CAPITOL.**

- 28 1. During the 2021-22 interim, the legislative management shall consider studying space
29 needs of the executive, judicial, and legislative branches at the state capitol. The study
30 must include:
31 a. A review of each branch's employee work location policies;

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- 1 b. An assessment of the space needs of each branch to fulfill their constitutional
- 2 and statutory responsibilities;
- 3 c. An evaluation of state agency leases of space from private and other
- 4 governmental entities in Bismarck, amounts being paid for these leases, and
- 5 state agency rental payments being made to the office of management and
- 6 budget from special and federal funds;
- 7 d. Consideration of the feasibility and desirability of the office of management and
- 8 budget charging rent to agencies receiving funding from the general fund; and
- 9 e. The development of a space utilization plan for the capitol complex.
- 10 2. The legislative management shall report its findings and recommendations, together
- 11 with any legislation required to implement the recommendations, to the sixty-eighth
- 12 legislative assembly.